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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

EVALUATION & COMPLIANCE DIVISION  
Water Utilities Branch

RESOLUTION NO. W-3356  
April 8, 1987

R E S O L U T I O N

WATERTEK, INC. (WI) SEWER SERVICE. ORDER AUTHORIZING  
AN OFFSET INCREASE PRODUCING \$722 OR 1.15% ADDITIONAL  
ANNUAL REVENUE.

By Advice Letter No. 4 filed April 1, 1987, WI requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase rates by \$722 annually to partially offset a \$1,745 increase in liability insurance. WI provides sewer service to about 404 customers in the Oak Hills subdivision, Monterey County.

The present rates became effective on December 31, 1984 pursuant to Resolution No. W-3217, dated December 19, 1984 in which the Commission granted a general rate increase and found a rate of return on rate base of 11.25% reasonable. This offset increase will not result in a rate of return greater than last authorized.

The \$722 increase is for liability insurance for WI's sewer operation. WI obtained this coverage through a bid process and it is considered reasonable by the Water Utilities Branch (Branch).

On May 7, 1986, the Commission approved a policy for one-time offsets for liability insurance to compensate water utilities for the substantial premium increases experienced recently. Although the adopted policy does not specifically address sewer operations, the Branch recommends that it be applied as it would be for water systems. The policy as applied to Class D (500 customers or less) utilities requires that they absorb the first 75 basis points (0.75%) loss in rate of return. Accordingly, the Branch has determined that a gross revenue increase of \$722 or 1.1% should be authorized to meet this requirement.

On January 22, 1987, WI published a notice to customers showing the proposed rate increase in the Salinas Californian, a newspaper of general circulation in Monterey County. The Branch received no protests or other correspondence.

Service is satisfactory. There are no complaints registered with the Commission. There are no Commission orders requiring compliance nor are there significant problems requiring corrective action.

A comparison of the present and Branch's recommended rates is shown below:

GENERAL RESIDENTIAL SERVICE

	Per Service Connection Per Quarter		Percent Increase
	Present Rates	Proposed Rates	
Single-family residence.....	\$39.00	\$39.45	1.15
Each single-family dwelling unit in a duplex, apartment or other multiple-family dwelling development.....	39.00	39.45	1.15

After investigation by the Branch, the Commission finds that the rate increase recommended by the Branch is reasonable and to the extent provided by the following resolution is justified.

THE COMMISSION FINDS that the increased rates hereby authorized are justified and that the present rates are for the future, unjust and unreasonable.

IT IS RESOLVED that Watertek, Inc. is authorized on the effective date herein to make effective revised Schedule No. 1 attached to Advice Letter No. 4 and concurrently to cancel the presently effective rate schedule for sewer service.

This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on April 8, 1987. The following Commissioners approved it:

STANLEY W. HULETT  
President  
DONALD VIAL  
FREDERICK R. DUDA  
G. MITCHELL WILK  
JOHN B. OHANIAN  
Commissioners



VICTOR R. WEISSER  
Executive Director